

economic
association
of namibia



QUARTERLY REVIEW

MAY 2026

ORGANISATIONAL PROFILE

ABOUT THE EAN

The Economic Association of Namibia (EAN) is a leading think tank, that serves as a catalyst for economic development in Namibia by providing research-based public policy advisory services and facilitating public discourse to promote economic progress and prosperity

VISION

To cultivate a thriving Namibia, marked by robust economic growth, where public policy catalyses sustainable economic development and progress

MISSION

To drive economic development through research-based thought leadership, offering expert public policy advisory services, and facilitating constructive public discourse, all geared towards inclusive advancement and prosperity

CORE VALUES



INTEGRITY



EXCELLENCE



IMPACT-DRIVEN



COLLABORATION

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EXECUTIVE SUMMARY

The first edition of the EAN Quarterly Review for 2026 provides an in-depth assessment of Namibia's economic performance in the fourth quarter of 2025, highlighting a period of contraction, external pressure, and uneven sectoral performance. While strong mineral exports and accommodative monetary policy offered partial support, the economy faced mounting structural constraints, including a sharp downturn in mining, persistent manufacturing weakness, and slowing credit growth. As global commodity dynamics shifted and domestic demand softened, Namibia's growth model continues to reflect resilience, but with increasing exposure to volatility and limited diversification.

Key Highlights:

Macroeconomic Performance

- Economic activity contracted by 0.5% in Q4 2025, reversing growth of 2.6% in Q3 2025 and 3.8% in Q4 2024, driven by sharp declines in mining and manufacturing.
- The contraction was driven by a 28.8% drop in mining and a 5.1% decline in manufacturing, which outweighed strong growth in construction and services.
- Inflation remained contained at 3.4%, as lower food inflation offset rising transport and housing costs.

Sectoral Challenges

- Mining contracted sharply despite strong uranium performance, while agriculture recovered modestly (1.4%) and fishing rebounded (5.0%), reflecting uneven primary sector dynamics.
- Manufacturing declined amid reduced output in key industries, while construction expanded by 23.4%, driven by sustained infrastructure investment.
- The economic structure remains concentrated, with mining (14.1%), wholesale and retail trade (12.4%), and manufacturing (9.9%) dominating GDP, signalling limited diversification.

Financial and Trade Dynamics

- The Bank of Namibia reduced the repo rate to 6.50%, with the prime lending rate easing to 10.00%, supporting a more accommodative monetary environment.
- Private sector credit growth slowed to 4.4%, reflecting weaker demand from both businesses (6.8%) and households (2.7%) amid subdued economic activity.
- The current account deficit widened to N\$10.4 billion (14.5% of GDP), as higher income and services outflows offset a narrowing trade deficit supported by strong uranium and gold exports.

Policy and Reform Imperatives

- Addressing structural weaknesses requires diversifying the economic base and revitalising manufacturing to reduce reliance on volatile commodity cycles.
- Resource revenues from mining should be strategically channelled into infrastructure, education, and health to support inclusive and sustainable growth.
- Improving access to finance for SMEs and productive sectors, alongside reducing regulatory barriers, is critical to stimulating private investment and job creation.

Recent Domestic Developments

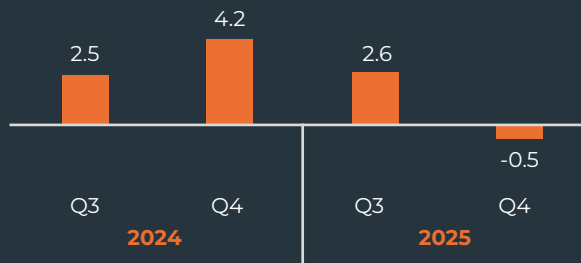
- Government advanced a broad reform agenda, including the tabling of the FY2026/27 operational budget of N\$81.3 billion, progress on the Investment Promotion Bill, expanded tax enforcement, and continued efforts to exit the FATF grey list, signalling a focus on fiscal sustainability, revenue mobilisation, and improving the investment climate.
- Public sector and institutional reforms continued to evolve, with initiatives such as Universal Health Coverage, procurement changes to prioritise local manufacturing, and the Bank of Namibia's move to diversify foreign reserves through gold purchases, reflecting efforts to strengthen state capacity and economic resilience.
- Investment in infrastructure and future growth sectors accelerated, particularly in digital and energy transitions, including broadband expansion, 4G/5G migration, instant payments rollout, and green hydrogen developments, alongside increased financing support for SMEs and youth enterprises.
- Social and structural pressures remain pronounced, with rising housing costs, elevated unemployment (including 34.4% in Khomas), drought-related economic losses, and persistent skills mismatches continuing to constrain inclusive growth and labour market absorption.
- Financial and external developments reflected a mixed outlook, with gains such as AGOA access and improved investor sentiment alongside rising fuel prices, cost-of-living pressures, regulatory tightening in emerging sectors, and ongoing cyber and financial system risks.

Namibia's economic outlook at the start of 2026 reflects a delicate balance between reform progress and persistent structural constraints. While policy momentum, institutional adjustments, and targeted investments point to a more coordinated approach to supporting growth and stability, underlying challenges in employment creation, economic diversification, and household welfare remain significant. The effectiveness of the FY2026/27 operational budget and broader reform agenda will depend on implementation and alignment with productive sectors. Without sustained progress in these areas, growth is likely to remain modest and uneven, limiting its impact on reducing unemployment and improving living standards.

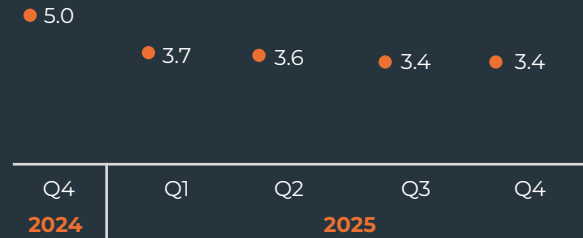
DASH BOARD

DOMESTIC ECONOMY

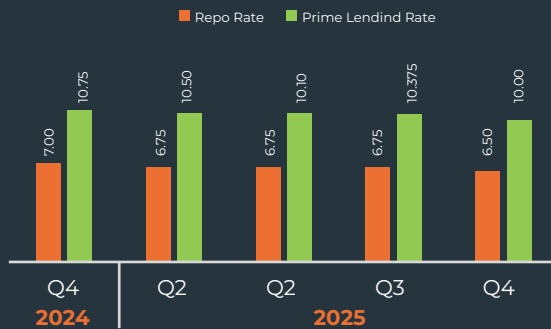
Quarterly GDP Growth



Inflation Rate
(Quarterly Average)



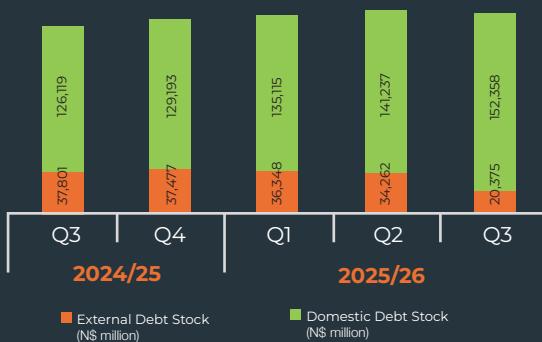
Repo and Prime Lending Rate



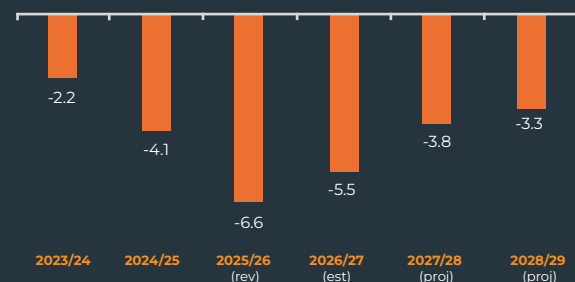
Namibian Dollar per Foreign Currency
(Period Averages)

Currency	July-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25
US Dollar	17.7582	17.7295	17.4621	17.2847	17.2294	16.8542
UK Pound	23.9955	23.8322	23.5801	23.0821	22.6266	22.5378
EU Euro	20.7561	20.6222	20.4864	20.1210	19.9180	19.7260
Botswana Pula	1.3156	1.3024	1.2969	1.2708	1.2700	1.2656
Switzerland Franc	22.2607	21.9730	21.9139	21.6651	21.4460	21.1383
Chinese Yuan	2.4758	2.4710	2.4509	2.4276	2.4239	2.3922
IMF SDR	24.3112	24.2204	23.9434	23.7594	23.3894	23.0272

Central Government Debt



Central Government Budget Deficit
% of GFP



- Real GDP growth slowed to 1.7% in 2025, down from 3.8% in 2024.
- Annual inflation eased over the course of 2025, averaging 3.5%, compared to 4.2% in 2024.
- The Bank of Namibia's Monetary Policy Committee reduced the repo rate by a cumulative 50 basis points, bringing it to 6.50% by year-end.
- Commercial banks' prime lending rate declined in 2025, in line with the reduction in the repo rate.
- The Namibian Dollar appreciated against the US Dollar during 2025, averaged 17.89 NAD per USD, compared to the 18.33 in 2024.
- According to the FY2026/27 budget statement, the FY2025/26 deficit is estimated at 6.6% of GDP, up from the earlier projection of 5.9% in the October 2025 mid-year review.
- Central Government debt increased by the end of December 2025 compared to the same period in 2024, driven by higher domestic borrowing, while foreign debt declined.
- Total Government debt stock stood at N\$172.7 billion at the end of December 2025, reflecting a 5.4% increase over the year.

MACROECONOMIC PERFORMANCE

ECONOMIC GROWTH & INDUSTRY CONTRIBUTIONS

NAMIBIA'S ECONOMY CONTRACTS AS MINING AND MANUFACTURING WEAKNESS OUTWEIGHS SERVICES RESILIENCE

Namibia's economy contracted by 0.5% in Q4 2025, marking a sharp reversal from the 2.6% growth recorded in Q3 2025 and a significant slowdown from the 4.2% expansion in Q4 2024. This decline concludes a year characterised by a steady loss of growth momentum, with quarterly expansion easing from 3.1% in Q1 2025 to 1.9% in Q2, before a brief uptick in Q3 and an eventual contraction in the final quarter. In nominal terms, this points to mounting structural pressures across key sectors.

The contraction was primarily driven by declines in diamond production and weaker manufacturing output, particularly in diamond processing, basic non-ferrous metals, and cement production. Within the primary sector, reduced livestock marketing due to ongoing restocking efforts further weighed on growth, while gold and zinc output also declined. Although uranium production increased, this was insufficient to offset the broader weakness in mining. Similarly, while improved rainfall supported a recovery in crop production, this did not fully compensate for the contraction in livestock-related activity.

In the secondary sector, mixed performance masked underlying fragility, with industrial output constrained by declining construction inputs and subdued manufacturing demand. By contrast, the tertiary sector continued to provide relative stability, supported by positive growth in wholesale and retail trade, tourism, health, and information and communication services. On the demand side, growth was largely supported by increased government consumption and stronger exports, while private consumption and investment contracted, underscoring continued weakness in domestic demand.

For households, this contraction reflects a worsening economic environment rather than a temporary fluctuation. Reduced activity in mining and manufacturing translates into fewer employment opportunities and weaker income growth, particularly in urban areas with a high concentration of industrial jobs. In rural regions, subdued livestock market activity limits cash flow for farmers, while the modest gains in crop production are unlikely to fully offset income losses. The decline in private consumption further suggests that households are cutting back on spending, as rising costs and limited income growth continue to erode purchasing power. As a result, the contraction in GDP is not only a statistical outcome, but a reflection of tightening economic conditions across both formal and informal sectors.

This trajectory highlights the structural fragility of Namibia's growth model, where economic performance remains highly dependent on a narrow set of capital-intensive industries. To stabilise growth and mitigate future contractions, policy should prioritise diversification into resilient, employment-generating sectors. Strengthening agro-processing value chains, expanding support for small-scale and commercial farmers, and investing in manufacturing linked to local resource beneficiation could help reduce reliance on volatile commodity cycles. At the same time, targeted public investment in infrastructure and housing can stimulate demand while supporting job creation.

To reinforce these efforts, improving access to finance for productive sectors, particularly SMEs, is essential. This includes expanding concessional lending, strengthening development finance institutions, and incentivising private sector participation in labour-intensive industries. Over the long term, Namibia must ensure that mining revenues are strategically reinvested into sectors with high social and economic returns, enabling a more inclusive and stable growth path that is less exposed to external shocks.

The contraction in Q4 2025 therefore not only reflects cyclical weakness, but also underscores structural imbalances within the economy, where growth remains concentrated in sectors that are not adequately inclusive and increasingly volatile.





Source: Namibia Statistics Agency

SERVICES CONSOLIDATE DOMINANCE AS PRIMARY SECTOR WEAKNESS PERSISTS

The composition of Namibia's economy further reinforces a structural imbalance. In 2025, tertiary industries increased their share of GDP to 55.0%, up from 54.1% in 2024, consolidating their position as the dominant driver of economic activity. This expansion reflects the continued growth of trade, tourism, and public services, which have remained relatively resilient even as overall economic growth slowed.

In contrast, the primary sector's contribution declined from 21.8% in 2024 to 21.0% in 2025, indicating sustained weakness in agriculture and volatility in mining output. Despite the expansion in uranium production, declines in diamond output and ongoing challenges in livestock production have limited the sector's overall contribution to the economy. This trend highlights the sector's vulnerability to both external commodity price fluctuations and domestic climatic conditions, underscoring its fragility as a foundation for sustained growth.

The secondary sector remained largely unchanged at 15.0% of GDP, up marginally from 14.9% in 2024, indicating stagnation in industrial development. This marginal shift suggests that Namibia has yet to achieve meaningful expansion in manufacturing and construction, sectors that are critical for employment creation and economic diversification. Persistent constraints, including high input costs, limited industrial capacity, and weak domestic demand, continue to inhibit growth in this segment.

Meanwhile, taxes less subsidies on products declined slightly from 9.3% to 9.1%, reflecting reduced consumption activity and a narrower tax base, consistent with the observed contraction in private demand.

For Namibian households, this structural composition has important implications. The dominance of the tertiary sector, particularly public services and trade, provides a degree of stability but does not generate sufficient employment to absorb the growing labour force. At the same time, the declining contribution of the primary sector signals weakening income prospects in rural areas, while the stagnation of the secondary sector limits opportunities for industrial employment and upward mobility. As a result, the structure of the economy continues to constrain broad-based income growth and reinforces existing inequalities.

To address these imbalances, Namibia must actively promote structural transformation by expanding the role of the secondary sector and strengthening linkages between primary and industrial activities. This includes investing in agro-processing, mineral beneficiation, and local manufacturing to retain more value within the domestic economy. At the same time, policies aimed at improving productivity in agriculture and stabilising output through irrigation, climate adaptation, and market access are essential to support rural livelihoods.

Ultimately, without a deliberate shift towards a more diversified and employment-intensive economic structure, Namibia risks entrenching a pattern of low and uneven growth, where GDP growth does not translate into meaningful improvements in living standards for the majority of the population.

SECTORAL PERFORMANCE

SECTORAL REAL-VALUE ADDED GROWTH RATES

PRIMARY AND SECONDARY SECTOR CONTRACTIONS OUTWEIGH SERVICES GROWTH

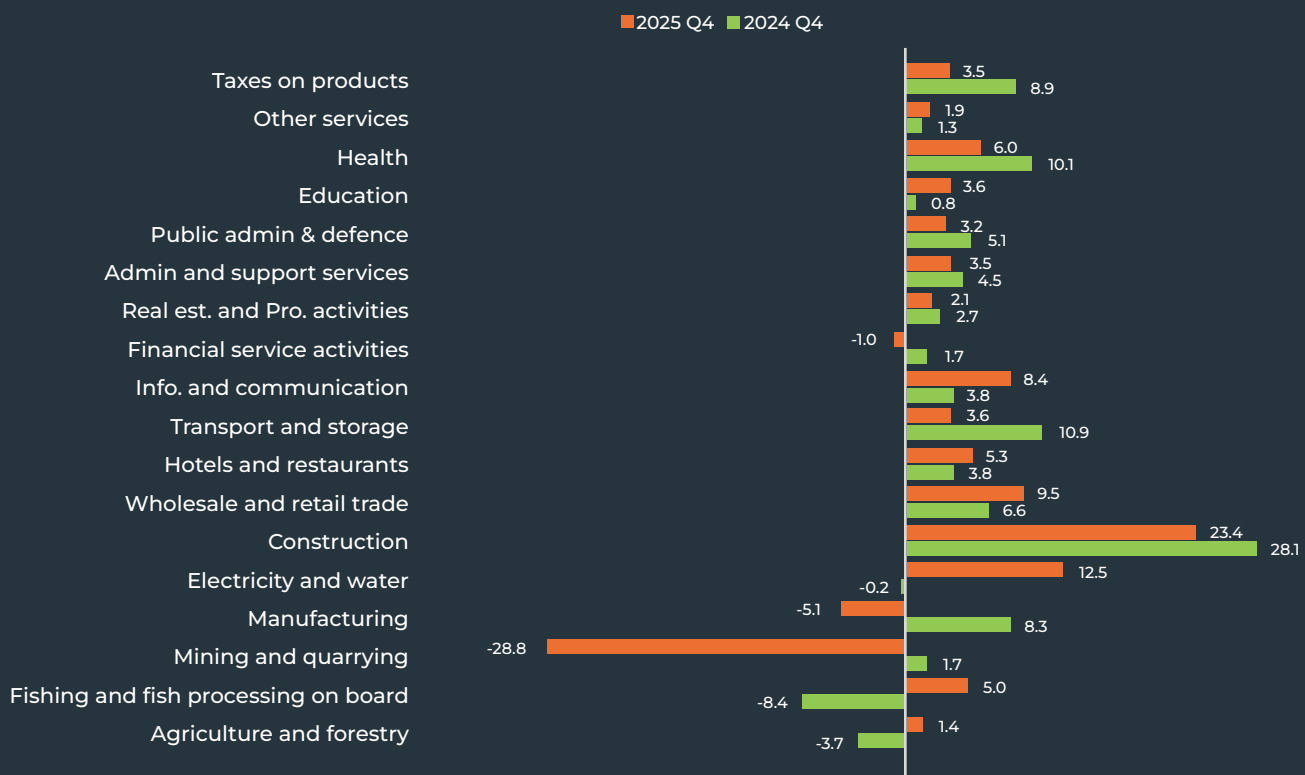
A closer examination of sectoral growth rates in Q4 2025 reveals an economy marked by sharp divergences, where contractions in key productive sectors outweighed continued expansion in services. The most significant deterioration was recorded in the primary sector, particularly mining and quarrying, which contracted by 28.8%, a sharp reversal from the 1.7% growth recorded in Q4 2024. This decline reflects a broad-based downturn in mineral output, particularly a 21.9% annual decline in diamond production, alongside significant reductions in zinc concentrate and gold output. Although uranium production increased by 24.3% year-on-year, supported by improved ore grades and rising global demand, this was insufficient to offset the scale of contraction in other minerals.

Agriculture and forestry showed a modest recovery, expanding by 1.4% in Q4 2025, compared to a 3.7% contraction in Q4 2024. This improvement was largely supported by increased crop production, which benefited from favourable rainfall and irrigation investment. However, underlying pressures remain evident, as livestock marketing declined sharply, with cattle marketed falling by 21.8% year-on-year, reflecting ongoing restocking and disease-related trade constraints. Similarly, fishing rebounded to 5.0% growth, from an 8.4% contraction in the previous year, indicating some recovery in activity, although the sector continues to face structural and environmental challenges.

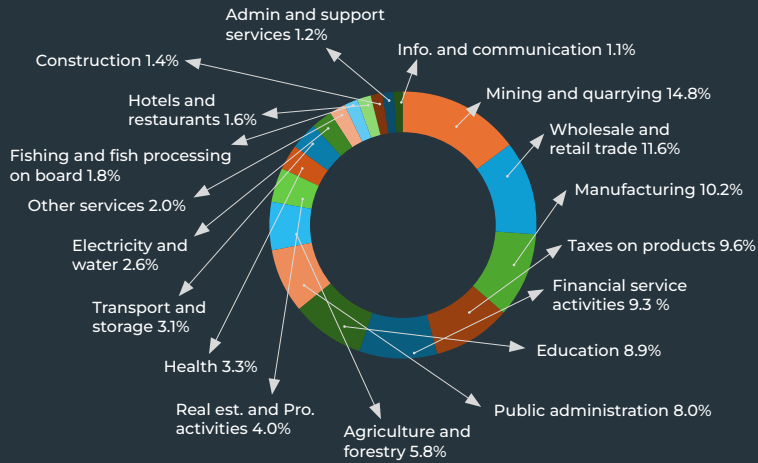
The secondary sector also recorded notable weakness, particularly in manufacturing, which contracted by 5.1%, reversing the 8.3% growth recorded in Q4 2024. This decline was driven by substantial reductions in key outputs, including processed diamonds (21.9%), blister copper (71.8%), and cement (7.5%), reflecting both operational disruptions and weak global demand. By contrast, construction remained one of the strongest performing sectors, expanding by 23.4%, only slightly below the 28.1% growth recorded in Q4 2024, supported by continued public and private infrastructure investment. Electricity and water also recorded a strong rebound, growing by 12.5%, compared to a marginal contraction of 0.2% in the previous year, largely due to improved hydroelectric generation at Ruacana.

The tertiary sector continued to underpin economic activity, although performance varied across subsectors. Wholesale and retail trade accelerated to 9.5% growth, up from 6.6% in Q4 2024, supported by sustained domestic demand and increased vehicle sales. Hotels and restaurants expanded by 5.3%, compared to 3.8% a year earlier, reflecting continued recovery in tourism, with airport arrivals rising by 7.2%. Information and communication also strengthened significantly, growing by 8.4%, up from 3.8%, driven by rising data usage and digital demand.

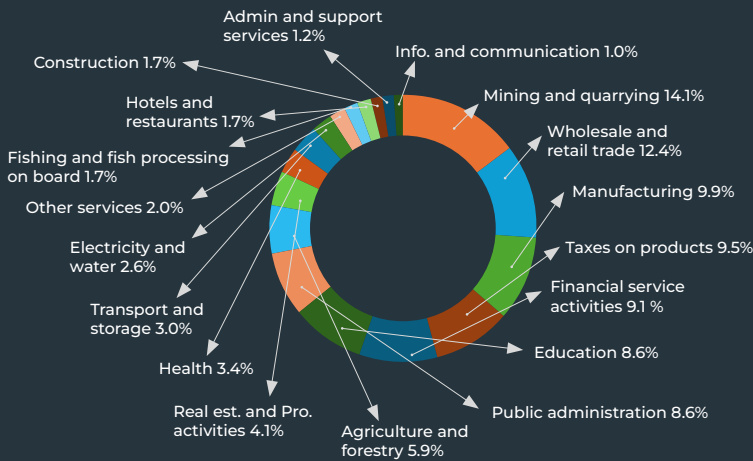
Sectoral Real Value Added Growth Rates



Sectors Percentage Share to GDP 2024 Q4



Sectors Percentage Share to GDP 2025 Q4



Source: Namibia Statistics Agency

However, other service sectors showed signs of moderation. Transport and storage growth slowed sharply to 3.6%, from 10.9% in Q4 2024, reflecting declines in cargo volumes, particularly in road and sea transport. Financial services contracted slightly by 1.0%, compared to 1.7% growth previously, indicating weaker credit expansion and reduced financial intermediation.

This performance profile points to a deepening structural imbalance. While services continue to expand, the sectors most critical for production and employment, particularly mining and manufacturing, are contracting sharply. For households, this translates into fewer job opportunities in both industrial and resource-based sectors, alongside weaker income growth. The resilience in trade and services provides some stability, but these sectors alone are insufficient to offset losses in higher-value and export-oriented industries.

Addressing this divergence requires targeted interventions to stabilise output in mining and manufacturing while strengthening linkages to the broader economy. This includes supporting mineral beneficiation and resolving operational constraints in key industrial facilities. At the same time, sustaining growth in construction and services through coordinated public and private investment can help maintain economic momentum while longer-term structural adjustments take hold.

SECTORS PERCENTAGE SHARE OF GDP

The structural composition of Namibia's economy in Q4 2025 reflects a gradual but significant shift away from primary and industrial activity towards services. While mining and quarrying remained the single largest sector, its share of GDP declined from 14.8% in Q4 2024 to 14.1% in Q4 2025, reflecting the contraction in output observed during the quarter. This decline underscores the sector's volatility, where fluctuations in production can rapidly alter its contribution to the overall economy.

In contrast, wholesale and retail trade increased its share from 11.6% to 12.4%, reinforcing its position as a key driver of economic activity. This expansion reflects the relative resilience of domestic demand, even as broader economic conditions weakened. However, this also signals a growing reliance on consumption-driven activity rather than production-based growth.

The manufacturing sector continued its downward trajectory, with its share declining from 10.2% to 9.9%, reflecting sustained contraction in industrial output. This erosion of manufacturing's role in the economy highlights the ongoing challenges facing Namibia's industrial base, including high production costs, limited scale, and exposure to external demand shocks.

Other key sectors showed more moderate shifts. Financial services declined slightly from 9.3% to 9.1%, while education decreased from 8.9% to 8.6%, indicating a reduction in their weight within the economy. By contrast, public administration increased its share from 8.0% to 8.2%, reinforcing the role of the state as a stabilising force. Agriculture remained relatively unchanged at 5.9%, up marginally from 5.8%, despite ongoing structural challenges in livestock production.

Smaller sectors also exhibited incremental changes. Construction increased its share from 1.4% to 1.7%, reflecting strong growth in infrastructure investment, while hotels and restaurants rose slightly from 1.6% to 1.7%, in line with tourism recovery. Meanwhile, fishing declined from 1.8% to 1.7%, and transport edged down from 3.1% to 3.0%, reflecting subdued activity in logistics.

This evolving structure points to a subtle but important shift in the economy. The declining shares of mining and manufacturing, combined with the expansion of trade and public services, suggest that Namibia's growth is becoming increasingly service-oriented, but without a corresponding strengthening of its productive base. Rather than moving toward higher-value industrialisation, the economy appears to be adjusting through consumption and state-driven activity.

For the average Namibian household, this shift carries mixed implications. While the expansion of trade and public services provides some employment stability, these sectors are limited in their ability to generate large-scale, high-productivity jobs. At the same time, the weakening of mining and manufacturing reduces opportunities for higher-income employment and limits the potential for value addition within the economy. This reinforces a pattern in which economic activity expands without delivering broad-based improvements in income and employment.

To counter this trend, policy must focus on rebuilding the industrial base while leveraging growth in services to support productive sectors. This includes strengthening backward and forward linkages between mining, manufacturing, and trade, promoting local value addition, and ensuring that infrastructure investment supports industrial expansion. At the same time, improving the efficiency and inclusiveness of service sectors, particularly finance and logistics, can enhance their role in enabling broader economic participation.

INFLATION AND PRICE TRENDS

MODEST INFLATION MASKS RISING TRANSPORT AND HOUSING COST PRESSURES

Namibia's headline inflation remained relatively stable in Q4 2025, holding at 3.4% on a quarterly basis. This apparent stability reflects offsetting movements across key categories, rather than a broad-based easing in price pressures.

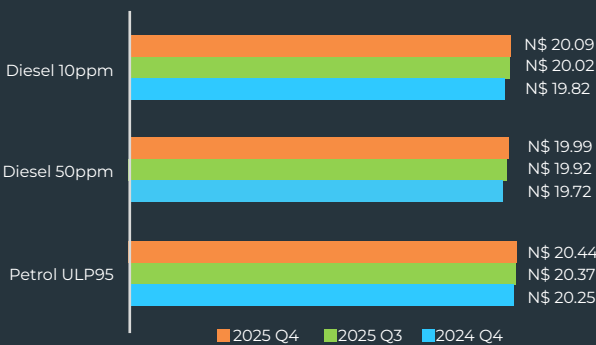
Transport inflation recorded a notable shift, rising to 2.0% in Q4 2025, up from -0.3% in Q3 2025 and -2.6% in Q4 2024, marking a 4.6 percentage point increase year-on-year. This was driven primarily by higher fuel prices and increased costs associated with the operation of personal transport equipment. Over the same period, petrol prices increased from N\$20.25 per litre in Q4 2024 to N\$20.44 in Q4 2025, while diesel rose from N\$19.72 to N\$19.99 (50ppm) and N\$19.82 to N\$20.09 (10ppm), reinforcing upward pressure on transport costs.

At the same time, housing inflation increased to 4.3%, up from 3.5% in Q3 2025, and only slightly below the 4.4% recorded in Q4 2024. This increase was driven by rental adjustments alongside higher costs for electricity, gas, and other utilities, reinforcing the persistence of housing-related pressures.

Inflation Category	2024		2025	
	Q4	Q3	Q4	Q3
Transport Inflation	-2.6%	-0.3%	-2.0%	-0.3%
Housing Inflation	4.4%	3.5%	4.5%	3.5%
Food and Non-Alcoholic Beverages Inflation	5.5%	5.4%	3.7%	5.4%

Source: Bank of Namibia

Quarterly Diesel and Petrol Prices



Source: Bank of Namibia

In contrast, food and non-alcoholic beverages inflation slowed significantly to 3.7%, down from 5.4% in Q3 2025 and 5.5% in Q4 2024, representing a 1.7 percentage point decline both quarterly and annually. The moderation was broad-based, with lower inflation across key categories such as bread and cereals, meat, fish, oils, and fats, supported by improved agricultural output and more stable supply chains.

Despite this moderation in headline and food inflation, underlying cost pressures remain evident in household expenditure patterns. The average grocery basket increased from N\$990.45 in 2024 to N\$1,064.70 in 2025, reflecting a 7.5% rise in food costs over the year.

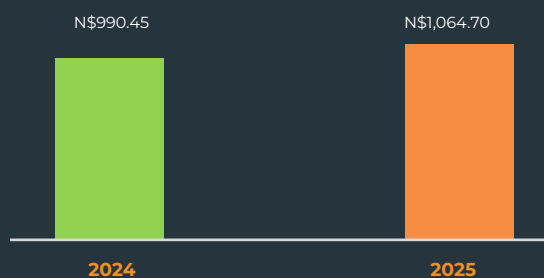
Overall, goods inflation stood at 3.0%, while services inflation reached 4.0%, indicating that cost pressures remain more pronounced in service-related categories, particularly housing and utilities.

For households, this combination of trends continues to tighten financial conditions. While slower food inflation provides some relief at the margin, rising transport and housing costs absorb a growing share of income. Higher fuel prices increase commuting and distribution costs, while rental and utility adjustments reduce disposable income, limiting the ability to spend on essential services such as education and healthcare, and limiting savings.

Addressing these pressures requires targeted interventions that go beyond managing headline inflation. Strengthening local food systems through investment in storage, irrigation, and logistics can reduce supply volatility and improve price stability over time. At the same time, improving transport efficiency and reducing dependence on imported fuel can help contain cost pressures across the economy. On housing, accelerating the implementation of rental regulation frameworks, including operationalising the Rent Control Board, remains critical to protecting tenants and stabilising urban living costs.

Without targeted intervention in these key cost drivers, inflation is likely to remain concentrated in essential goods and services, continuing to erode household purchasing power despite relatively stable aggregate figures.

Annual Average Grocery Basket Cost at Selected Retailers



Source: The Brief

FINANCIAL PERFORMANCE

MONETARY POLICY AND BANKING SECTOR

LOWER INTEREST RATES FAIL TO FULLY TRANSLATE INTO BROAD-BASED CREDIT EXPANSION

Namibia's monetary policy environment remained accommodative in Q4 2025, as the Bank of Namibia continued to ease rates in response to slowing economic activity and contained inflation. The central bank reduced the repo rate to 6.50%, down from 7.00% in December 2024 and 7.25% in October 2024, reflecting a cumulative easing of monetary conditions over the year.

This downward adjustment filtered through to commercial lending rates. The prime lending rate declined to 10.00% in December 2025, compared to 10.75% a year earlier, while the average lending rate fell to 9.66%, down from 10.39% in December 2024. Similarly, the average deposit rate decreased to 4.16%, from 4.98% a year earlier, indicating a broad-based decline in returns across the financial system.

Household credit growth remained subdued, slowing to 2.7%, from 3.4% in the previous quarter and 3.1% in Q4 2024, reflecting ongoing affordability constraints and cautious consumer behaviour. The continued weakness in mortgage lending, which remains the largest component of credit, underscores the impact of high housing costs and limited income growth on borrowing capacity. At the same time, instalment and leasing credit continued to expand strongly, growing by 18.9%, driven largely by vehicle financing, suggesting a shift toward shorter-term, consumption-driven credit.

This evolving credit profile points to a gradual rebalancing within the financial system. While lower interest rates have supported certain segments of borrowing, particularly asset-based and short-term credit, they have not translated into a broad-based expansion in productive investment. Instead, credit growth remains constrained by structural factors, including weak household purchasing power, cautious business sentiment, and limited demand for long-term financing.

For households and businesses, this environment presents a mixed outcome. Lower borrowing costs provide some relief, but limited access to affordable credit and subdued income growth continue to restrict economic participation. For savers, declining deposit rates reduce returns, particularly for those reliant on interest income, further constraining financial resilience.

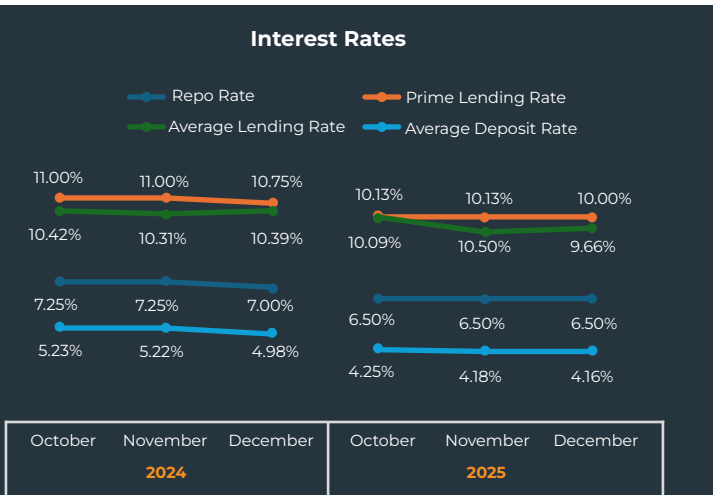
Addressing these challenges requires a more targeted approach to financial sector development. While maintaining an accommodative monetary stance is important, greater emphasis should be placed on improving credit access to productive sectors. Expanding credit guarantees, strengthening development finance institutions, and supporting alternative lending channels can help direct financing toward SMEs, agriculture, and manufacturing, where it can generate both employment and long-term growth.

At the same time, improving competition within the banking sector and enhancing the efficiency of monetary transmission would ensure that reductions in policy rates, translate more effectively into lower borrowing costs and increased credit uptake. Strengthening the link between financial sector activity and real economic production remains essential to achieving inclusive and sustainable growth.

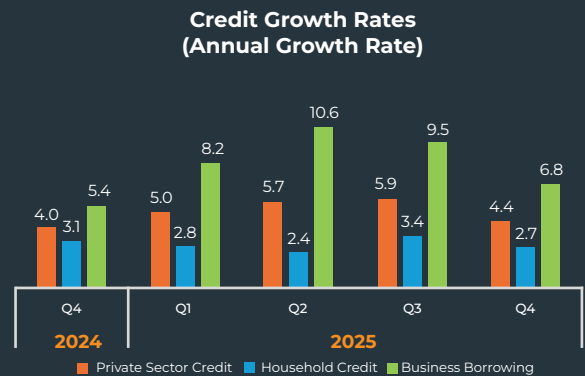
While these trends signal a more supportive borrowing environment, their impact on economic activity has been uneven. In real terms, lending conditions remained relatively tight, with the real lending rate easing only marginally to 6.3%, reflecting subdued demand for credit rather than a strong expansion in borrowing. At the same time, the real deposit rate remained broadly unchanged at 0.9%, offering limited incentive for savings, particularly in an environment of weak income growth.

The transmission of lower interest rates into credit expansion weakened during the quarter. Private Sector Credit Extension (PSCE) growth slowed to 4.4% in Q4 2025, down from 5.9% in Q3 2025, although still slightly higher than the 4.0% recorded in Q4 2024. This moderation reflects reduced demand for credit across both households and businesses, consistent with the broader slowdown in economic activity.

Business borrowing, while still relatively robust, slowed down, with growth easing to 6.8% in Q4 2025, from 9.5% in Q3 2025, though remaining above the 5.4% recorded a year earlier. This slowdown was driven in part by net repayments in key sectors such as mining, telecommunications, and wholesale and retail trade, indicating cautious corporate sentiment and reduced investment appetite.



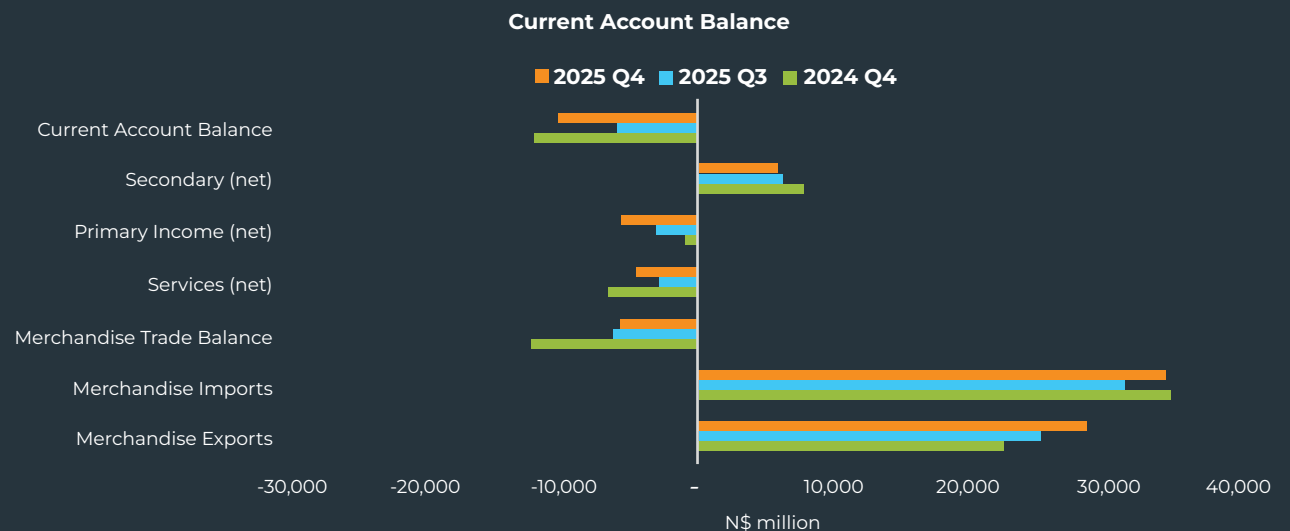
Source: Bank of Namibia



Source: Bank of Namibia

TRADE PERFORMANCE

EXTERNAL BALANCE IMPROVES ON EXPORT-LED GAINS, BUT RISING PRIMARY INCOME OUTFLOWS AND IMPORT DEPENDENCE TEMPER STABILITY



Source: Bank of Namibia

Namibia's external position weakened quarter-on-quarter in Q4 2025, with the current account deficit widening to N\$10.4 billion, from N\$6.1 billion in Q3 2025, though still an improvement from N\$12.3 billion in Q4 2024. As a share of GDP, the deficit rose sharply to 14.5%, up from 9.2% in the previous quarter, reflecting stronger outflows on income and services despite a firmer trade performance. The quarterly deterioration signals that improvements in merchandise trade were not sufficient to offset rising structural external payments.

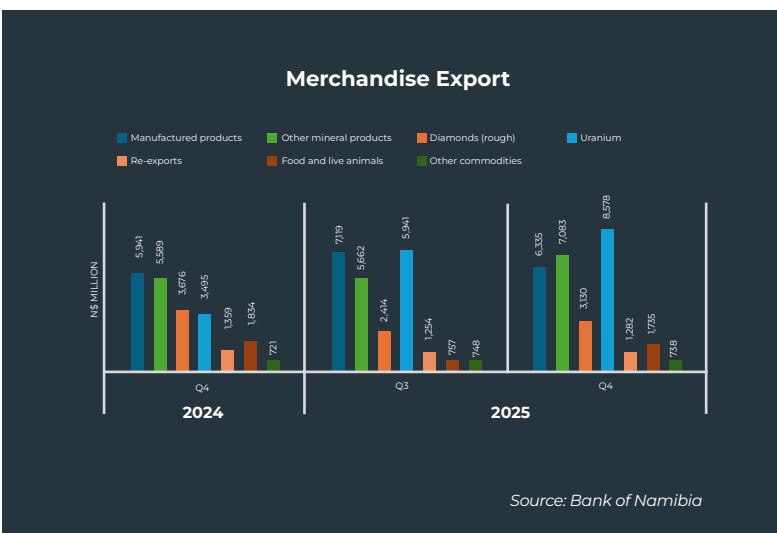
The widening was primarily driven by a marked deterioration in the primary income account, which deepened to a deficit of N\$5.8 billion from N\$3.1 billion in Q3, alongside a broader services deficit of N\$4.7 billion from N\$2.9 billion. These movements point to elevated profit repatriation and external income payments, which increasingly offset gains from merchandise trade. The secondary income surplus eased to N\$5.9 billion, down from N\$6.3 billion, providing only a limited buffer.

In contrast, the merchandise trade deficit improved significantly to N\$5.8 billion, narrowing by 7.8% quarter-on-quarter and 53.2% year-on-year, underpinned by a strong rise in exports. Merchandise exports increased to N\$28.9 billion, driven primarily by minerals, while imports rose more moderately to N\$34.7 billion, up 9.8% quarter-on-quarter but slightly lower year-on-year (0.9%). The relatively contained annual import growth, combined with robust export performance, helped anchor external stability despite quarterly pressures.

Export performance was heavily concentrated in minerals, with uranium (N\$8.6 billion), other minerals including gold (N\$7.1 billion), and diamonds (N\$3.1 billion) forming the backbone of external earnings. Uranium remained the standout performer, rising 145.4% year-on-year, supported by both higher volumes and improved logistical conditions. Gold and other mineral exports also strengthened, reflecting exceptionally strong global price dynamics and sustained demand for safe-haven assets.

This export strength was reinforced by highly favourable international commodity price movements during the quarter. Gold prices surged to over US\$4,300 per ounce in December 2025, marking historic highs driven by central bank accumulation and global financial uncertainty. Uranium prices also strengthened, averaging above US\$80 per pound, supported by tight global supply conditions and sustained nuclear energy demand. In contrast, base metals showed mixed movements, with copper prices rising sharply above US\$11,700 per tonne, while zinc and lead remained relatively stable. These price dynamics significantly amplified Namibia's export revenues, particularly in high-value minerals, and cushioned the economy against volume volatility.

However, diamond exports remained a source of weakness in the broader mineral basket. Although rough diamonds rose to N\$3.1 billion quarter-on-quarter, they remained below year-ago levels, reflecting continued pressure from subdued global demand, lab-grown diamond competition, and strategic production cuts. This highlights persistent vulnerability within one of Namibia's historically key export earners.



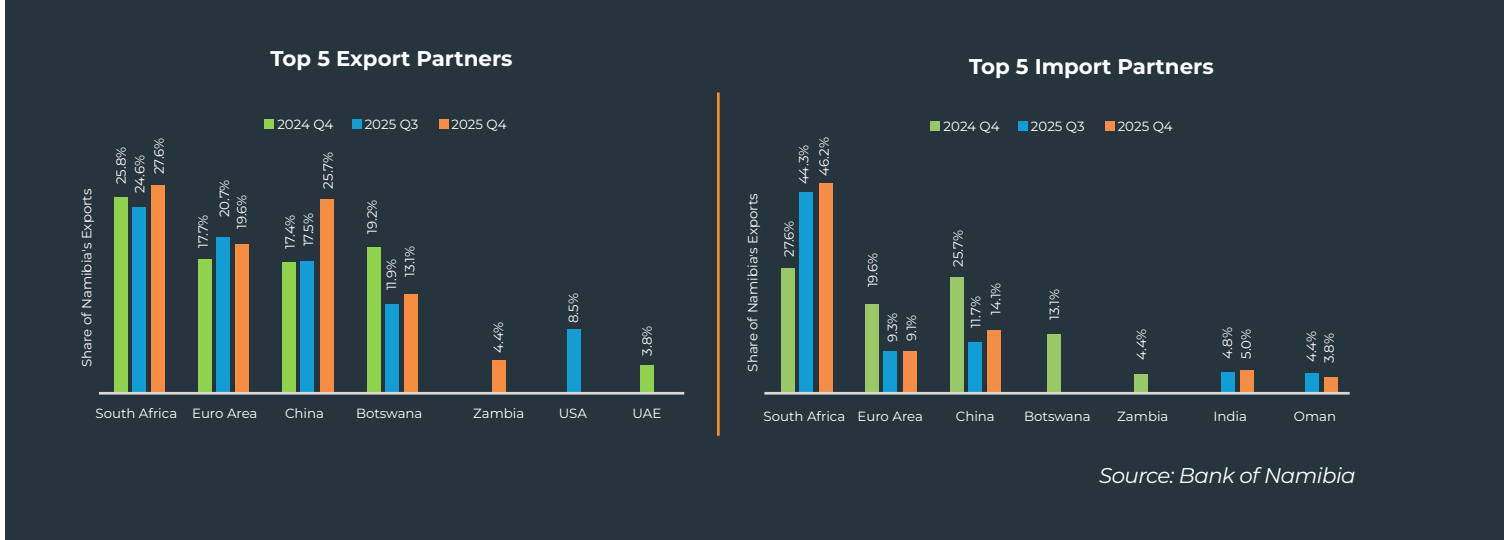
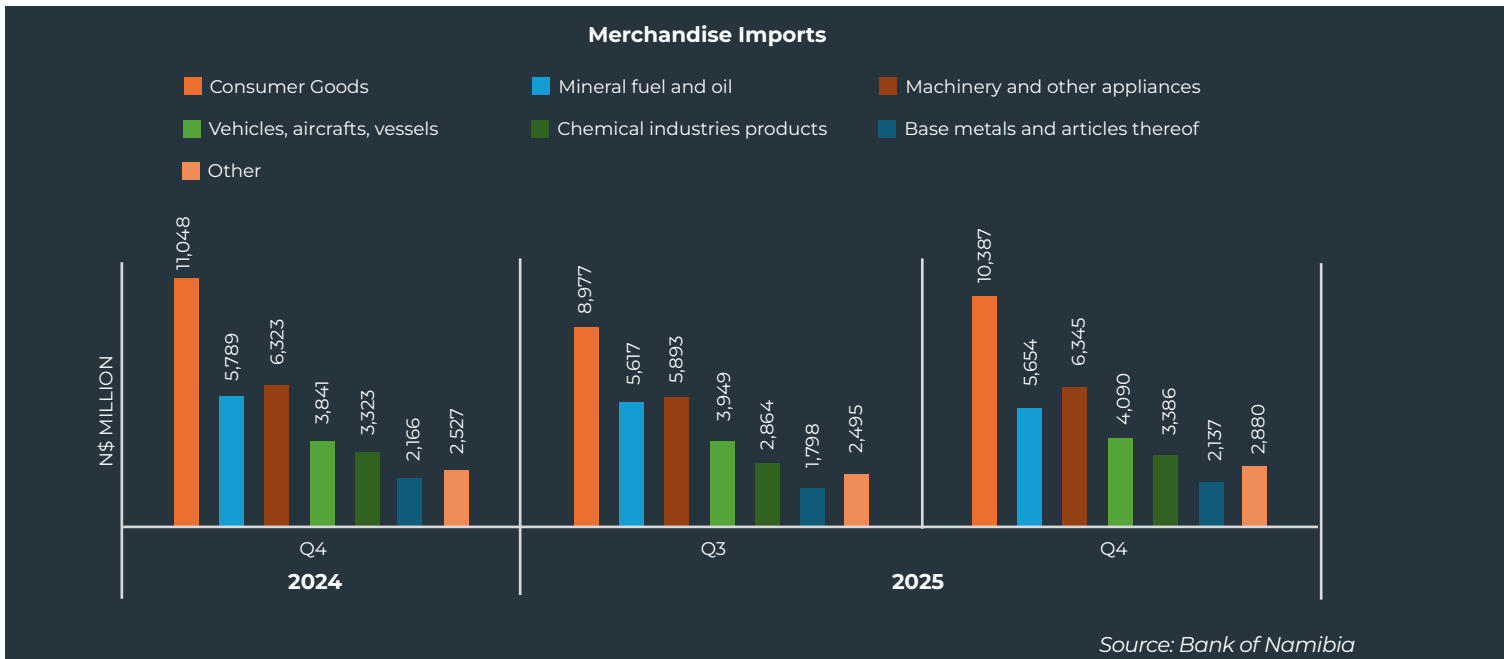
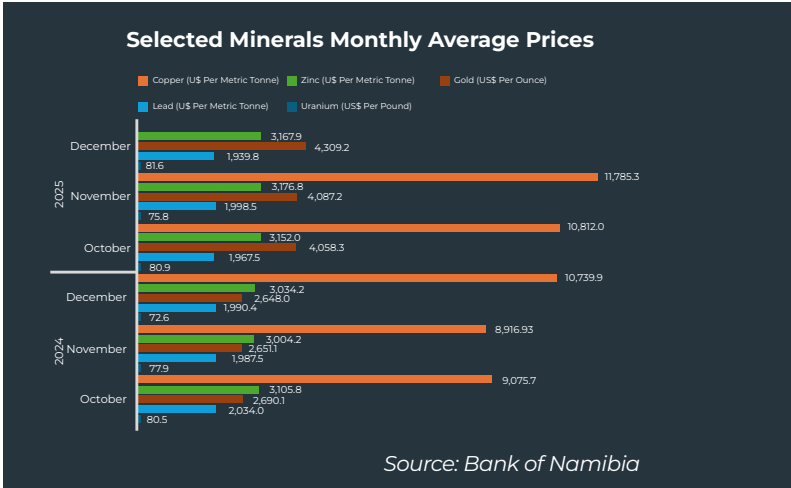
Source: Bank of Namibia

On the import side, growth was driven by stronger domestic demand and seasonal effects. Imports of consumer goods increased to N\$10.4 billion, while machinery and appliances rose to N\$6.3 billion, reflecting continued investment activity and festive-season demand. Chemical imports increased to N\$3.4 billion, largely linked to mining and industrial inputs, while mineral fuels remained broadly contained at N\$5.5 billion, helping to moderate cost pressures.

Trade partner concentration remained pronounced. South Africa accounted for 27.6% of exports and 46.2% of imports, reaffirming its central role in regional trade flows. China absorbed 25.7% of exports, driven primarily by uranium, while also supplying 14.1% of imports, mainly machinery and manufactured goods. The Euro area remained an important secondary partner, particularly for minerals and agricultural exports, but with a smaller import share relative to South Africa and China.

Overall, Namibia's external position remains structurally supported by strong mineral export earnings, but it's increasingly exposed to volatility in global commodity cycles and external income outflows. While favourable price conditions in uranium and gold provided a significant buffer in Q4 2025, the

widening services and income deficits underscore underlying fragilities. Sustained external stability will therefore depend on expanding non-mineral exports, deepening value-added processing, and gradually reducing import dependence in key industrial and consumption categories, to ensure that trade gains translate into more durable macroeconomic resilience.



RECENT DOMESTIC DEVELOPMENTS

Month	Development	Highlight
January	Nictus, SBN, Capricorn and MTC top NSX performers in 2025	Nictus Holdings Namibia was the best-performing local counter on the Namibia Securities Exchange in 2025, recording a price return of 36.00%.
	Govt expects 134,000 students to benefit from subsidised tertiary education	Up to 134,000 Namibian students could benefit from the government's subsidised tertiary education programme in its first year of implementation, depending on whether institutions meet minimum quality and cost standards, according to Education Minister Sanet Steenkamp.
	N\$250,000 US visa bond refundable, applies to business and tourist travellers only	The U.S. Embassy in Namibia says the visa bond of up to US\$15,000, equivalent to about N\$250,000, introduced under a global pilot programme that took effect on 1 January 2026, is refundable and applies only to United States business and tourist visas.
	Namibia edges up in global passport rankings for 2026	Namibia's passport has improved its global standing, rising to 62nd place worldwide in the 2026 Henley Passport Index.
	Windhoek ranks among Africa's more expensive cities, fourth in Southern Africa	Windhoek has ranked among Africa's higher-cost cities in 2026, placing seventh on the continent and fourth in Southern Africa, according to cost-of-living data published by Numbeo.
	Blue Telecommunications secures CRAN approval for OneWeb services in Namibia	Blue Telecommunications (Pty) Ltd, a licensed subsidiary of Radio Electronic (Pty) Ltd, has received regulatory approval from the Communications Regulatory Authority of Namibia (CRAN) to deploy Eutelsat OneWeb services in Namibia.
	DBN approves N\$912.7m in loans, funds 49 SMEs, creates 1,429 jobs	The Development Bank of Namibia approved N\$912.7 million in funding and supported the creation of 1,429 jobs during the 2024/25 financial year, according to the Bank's 2024/25 Integrated Annual Report (IAR).
	StartupBlink ranks Namibia top in Africa for business environment perception	Namibia has been ranked first in Africa in the 2026 Innovators Business Environment Index (IBEI) under the Market Perception pillar by StartupBlink, reflecting strong assessments of governance, institutional credibility and business trust.
	Namibia to roll out faster internet speeds from October 2026	The Ministry of Information and Communication Technology says Namibia has completed a review of the National Broadband Policy, with updated targets set to take effect from October 2026, a move expected to deliver faster internet speeds and improve downloads, online gaming, business transactions and access to digital services across the country.
	Namibia moves to enact Universal Health Coverage	Namibia is moving ahead with plans to launch Universal Health Coverage, with legislation intended to enact the policy now open for public consultation.
	NYDF approves N\$14.9m for youth-owned businesses through DBN	The National Youth Development Fund has approved N\$14.9 million in financing for youth-owned businesses through the Development Bank of Namibia, as the fund continues to expand access to finance for young entrepreneurs.
	February	Drought costing Namibia billions annually
Namibia generates N\$413m from Visa on Arrival scheme in 11 months		Namibia's Visa on Arrival system generated N\$413,356,900 in revenue for the State in less than twelve months following its rollout on 3 March 2025, with 289,510 visas issued by 31 January 2026.
Namibia's average house price rises to N\$1.42 million		Namibia's 12-month national weighted average house price increased to N\$1,420,286 in the fourth quarter of 2025, up from N\$1,319,987 recorded during the same period in 2024, according to the latest FNB House Price Index Report.
Namibia's public service workforce rises to 118,936 employees		Namibia's public service workforce increased to 118,936 employees as at 31 December 2025, Prime Minister Tjitunga Elijah Ngurare has said.
Namibia regains preferential US trade access under AGOA		Namibia has regained preferential market access for its exports to the United States until 31 December 2026 under the African Growth and Opportunity Act.
Namibia's National Youth Development Fund creates 722 jobs in five months		Namibia has created approximately 722 jobs for young entrepreneurs within five months through the National Youth Development Fund, President Netumbo Nandi-Ndaitwah said during the 35th Ordinary Session of the African Peer Review Forum.
UNAM and NUST ranked among top 50 universities in Sub-Saharan Africa		The University of Namibia and the Namibia University of Science and Technology have been ranked among the top 50 universities in Sub-Saharan Africa in the inaugural QS World University Rankings: Sub-Saharan Africa.
Khomas unemployment at 34.4% as population nears 500 000	New data from the 2023 Population and Housing Census shows an unemployment rate of 34.4% within the Khomas Region labour force, while 36.0% of the population aged 15 and above remains outside the labour force.	

	Namibia to switch off 2G and 3G networks, targeting full 4G and 5G migration by 2030	The Communications Regulatory Authority of Namibia has unveiled a national roadmap to decommission legacy 2G and 3G mobile networks, with the transition set to begin on 1 April 2026 and full migration to 4G and 5G technologies targeted by 31 March 2030.
	Namibia moves to revive Rent Control Boards amid rental law overhaul	The revival of Namibia's Rent Control Boards has entered the procurement phase, with government preparing to appoint specialist consultants through an open national bidding process as part of broader reforms aimed at modernising the country's rental market framework.
	Govt prepares seven hospitals as civil servant public healthcare rollout advances	Government has begun preparations for the rollout of Vision April 2026, a flagship initiative that will require civil servants to use public healthcare facilities, with seven hospitals selected for the programme's initial phase.
	What you need to know about Shafudah's budget	Minister Ericah B. Shafudah announced an operational budget of N\$81.3 billion for the 2026/27 financial year, with spending heavily concentrated in the social sector.
March	Namibia to finalise Investment Promotion Bill before year end	The Ministry of International Relations and Trade has committed to finalising the Namibia Investment Promotion and Facilitation Bill before the end of 2026, as government moves to strengthen policy certainty for investors.
	Namibia to launch first green hydrogen-powered freight locomotive later this year	Namibia is set to launch its first green hydrogen-powered heavy-duty freight locomotive later this year, according to CMB.TECH.
	Namibia's 2026/27 budget balances capital spending, revenue and debt sustainability	Executive Director at the Ministry of Finance, Oscar Capelao, says government has structured the 2026/27 national budget to balance fiscal sustainability with realistic expenditure, ensuring that both operational and development priorities are funded.
	Over 13,500 enrol for TVET programmes, 55% women	The Namibia Training Authority (NTA) says a total of 13,500 new trainees have enrolled in Technical and Vocational Education and Training (TVET) programmes for the 2026 academic year, with 55% or 7,432 being women.
	Namibia records second-lowest IMF debt in Africa at N\$378.1m	Namibia has recorded the second-lowest level of debt owed to the International Monetary Fund (IMF) among African countries, with total credit outstanding standing at approximately N\$378.1 million as of 20 February 2026.
	Limited market access and skills shortages hamper Namibia's economic diversification	Limited market access, skills shortages and weak domestic processing capacity are among the key structural constraints preventing Namibia from diversifying its economy beyond mineral extraction, according to the United Nations Conference on Trade and Development (UNCTAD).
	Namibia reports 535,204 cyber vulnerabilities in Q4	Namibia's Cyber Security Incident Response Team (NAM-CSIRT) recorded 535,204 cyber vulnerabilities between October and December 2025, representing a 4.28% decline compared to the previous quarter.
	Nasan Energies approved to acquire 52 fuel service stations	Nasan Energies (Pty) Ltd has received approval to acquire 52 Engen and Shell-branded fuel service stations across Namibia from Vivo Energy Namibia.
	Namibia gives Yango, inDrive 56 days to comply with transport laws	The Namibian government has issued a 56-day ultimatum to e-hailing operators Yango and inDrive to comply fully with national transport regulations, signalling a tougher stance on a sector that has expanded rapidly but remains only partially regulated.
	NamRA targets betting industry, gambling operators and winners in tax crackdown	The Namibia Revenue Agency (NamRA) is tightening its grip on the country's betting and gambling industry, targeting both operators and winners who may not be declaring income, as part of an intensified enforcement drive.
	Starlink licence bid rejected in Namibia	The Communications Regulatory Authority of Namibia (CRAN) has declined an application by Starlink Internet Services Namibia (Pty) Ltd for both a telecommunications service licence and a spectrum licence, according to a notice published in the Government Gazette on 23 March 2026.
	FlyNamibia raises ticket prices amid mounting oil cost pressures	FlyNamibia has increased fares with effect from Monday, 23 March 2026, after introducing a fuel surcharge, as rising oil prices and geopolitical tensions push airlines to pass on escalating costs to passengers.
	New lottery rules to hit promotions with 5% levy and N\$2,000 application fee	The Lotteries Board of Namibia plans to charge a 5% levy on the value of prizes for all competitions run in the country, alongside a N\$2,000 processing fee for companies and individuals seeking approval to operate.
	Bank of Namibia signs first gold purchase deal to diversify foreign reserves	The Bank of Namibia has signed its first gold purchase agreement, accelerating a strategic shift to diversify its foreign exchange reserves and reduce exposure to global currency volatility.
	Govt moves to prioritise local manufacturers in procurement overhaul	The Ministry of Works and Transport has launched a procurement initiative aimed at expanding Namibia's manufacturing capacity by prioritising locally produced goods through government stores.
	Petrol up N\$2.50, diesel surges N\$4.00 in Namibia fuel hike	The Minister of Industries, Mines and Energy, Modestus Amutse, announced that petrol prices will rise by N\$2.50 per litre, while diesel 50ppm and diesel 10ppm will increase by N\$4.00 per litre, as government adjusts domestic fuel prices in response to sustained pressure from international oil markets.
	BoN to launch instant payment system by June	The Bank of Namibia will launch its instant payment system before June 2026 as it moves to improve transaction efficiency and expand financial inclusion.

COMMENTS ON THE DRAFT INVESTMENT PROMOTION AND FACILITATION BILL

The Draft Investment Promotion and Facilitation Bill represent an important step towards consolidating investment policy, improving coordination across institutions, and aligning investment decisions with Namibia's long-term development objectives.

The inclusion of provisions on investor rights, dispute resolution, performance agreements and transparency further reflects an intention to enhance predictability and accountability within the investment regime.

The Bill would, however, benefit from a stronger emphasis on investment attraction and facilitation, in line with its stated title and objectives. While regulation is an important part of any investment framework, the overall balance of the Bill currently

leans more heavily towards approval, control and compliance mechanisms than towards actively encouraging investment. This may create perceptions of complexity or uncertainty for prospective investors, particularly in a competitive global environment.

Namibia is a member of several regional and continental integration initiatives, including SACU, SADC and the African Continental Free Trade Area, all of which aim to promote cross-border trade, regional value chains and investment flows. It is therefore important that the Bill is aligned with these broader commitments and supports Namibia's ambition to position itself as an open, competitive and attractive investment destination within the region.

KEY ISSUES FOR CLARIFICATION AND REFINEMENT

1. *Scope and application of the Act (Section 3):*

Section 3 limits the application of the Act primarily to investors seeking incentives or operating in designated sectors. This raises questions regarding the regulatory framework applicable to investments that fall outside these categories and may benefit from clarification.

2. *Designation of economic sectors and business activities (Sections 30–31)*

The designation framework is an important policy tool. However, additional clarity on classification criteria, review periods and transition arrangements could help reduce uncertainty for existing and prospective investors, particularly in relation to long-term planning and reinvestment decisions.

3. *Treatment of expansion of existing investments (Section 30(7))*

Treating the expansion of an existing investment as a new investment may affect reinvestment incentives. Consideration should be given to clearer safeguards to ensure that expansions that strengthen existing operations are not unduly constrained.

4. *Investment approval process and decision-making (Sections 33–35)*

The approval framework places significant discretion with the Minister or sectoral minister. Additional guidance on the weighting or prioritisation of the criteria listed in Section 35 could enhance transparency, predictability and consistency in decision-making.

5. *Impact on micro, small and medium-sized enterprises (Section 35)*

Consideration should also be given to the practical impact of the proposed approval and assessment requirements on micro, small and medium-sized enterprises. While the intention to ensure investments deliver net benefits to Namibia is understandable, extensive information and approval requirements may disproportionately affect smaller investors, both domestic and foreign, who often lack the administrative capacity to navigate complex processes. A more proportionate or risk-based approach could help ensure that smaller investments are not unintentionally discouraged.

6. *Institutional coordination and duplication (Sections 33–36)*

Further clarification on how investment approvals under this Act interact with the mandates of existing institutions, such as the Namibia Competition Commission and environmental authorities, could help avoid duplication and streamline processes.

Overall, targeted refinements to simplify processes, clarify mandates and strengthen the facilitation role of the State are essential for the draft Bill to fully deliver on its objective of supporting investment, job creation and inclusive economic growth.

PRE-BUDGET DIALOGUE

THE NATIONAL BUDGET AT A PIVOTAL MOMENT: CHOICES, TRADE-OFFS AND ECONOMIC DIRECTION

The Economic Association of Namibia (EAN) held a public dialogue ahead of the 2026/27 national budget, bringing together policymakers, economists, private sector leaders, and development stakeholders to examine the key fiscal and economic choices facing the country. Discussions focused on a central challenge: Namibia has achieved periods of growth, but not the inclusive and transformative growth needed to address unemployment, inequality, and structural weaknesses.

The panel featured Mr Salomo Hei, Managing Director at High Economic Intelligence, Ms Helena Mboti, Group Economist at Standard Bank Namibia, Mr Floris Bergh, Chief Economist at Capricorn Asset Management, and Mr Jesaya Hano-Oshike, Vice-Chairperson of EAN.

Mr Hei noted that while Namibia's economy has shown resilience, growth has remained narrow and concentrated, with limited progress in manufacturing and value-added industries. He warned that rising debt servicing costs and pressure on revenue collection continue to reduce fiscal space.

A recurring theme throughout the discussion was the need for stronger accountability in public spending. Despite education receiving the largest budget allocation, outcomes in skills development and employment creation remain limited.

Ms Mboti highlighted youth unemployment as a pressing concern, arguing that short-term interventions such as internships are insufficient. She called for greater emphasis on entrepreneurship and business development, while noting that low incomes and high non-performing loans continue to restrict access to finance for new businesses.

Mr Hano-Oshike focused on the composition of government expenditure, warning that a growing public sector wage bill continues to crowd out development spending. He also raised concern over the under-execution of capital budgets and stressed that public procurement can be used more strategically to support local industries and create jobs.

Mr Bergh highlighted the balance required between fiscal sustainability and development priorities. He noted that while capital exists in the economy, mismatches remain between available funding and long-term infrastructure needs. He further stressed that policy consistency is essential to build investor confidence.

Participants also emphasised the importance of clear regulatory frameworks, particularly in emerging sectors such as oil and gas, to ensure new opportunities generate broad-based economic benefits. Aligning education and skills development with labour market needs was also identified as critical to reducing structural unemployment.

KEY TAKEAWAYS FROM THE DIALOGUE INCLUDED:

- Namibia's growth model remains narrow and insufficiently inclusive, requiring urgent structural reform.
- Fiscal constraints necessitate more efficient and strategic use of public resources.
- Job creation depends on strengthening the private sector and supporting entrepreneurship.
- Public procurement can serve as a powerful tool for industrial development if used effectively.
- Policy certainty and regulatory clarity are essential to attract investment and unlock new sectors.
- Execution and implementation remain the most critical challenges in translating policy into outcomes.

As Namibia prepares for the 2026/27 national budget, the message from stakeholders is clear: the country stands at a pivotal moment. The choices made now will determine whether the economy continues on its current path of modest, unequal growth—or shifts toward a more inclusive and sustainable trajectory.



PUBLIC LECTURE

HARNESSING AI FOR NATIONAL DEVELOPMENT:

Skills, Productivity, and the Future of Namibia



The Economic Association of Namibia (EAN) hosted a public lecture on 25 March 2026, exploring how **artificial intelligence (AI)** can support national development, with a focus on skills, productivity, and economic transformation. The session, led by AI Strategist Mr Chandan Chauhan, examined how Namibia can position itself within a rapidly evolving global digital economy, where competitiveness will increasingly depend on the effective adoption of AI.

A central theme of the discussion was that AI should not be viewed primarily as a threat to jobs, but as a shift in how work is performed. This places education and skills development at the centre of Namibia's development strategy. Emphasis must move beyond traditional learning toward building critical thinking, creativity, adaptability, and communication skills.

The lecture highlighted the changing nature of work, as AI continues to automate routine tasks while creating new opportunities in areas such as data analysis, digital innovation, and AI system management. While some job displacement is inevitable, this transition also creates space for new, higher-value roles—underscoring the importance of lifelong learning and workforce adaptability.

Beyond employment, AI presents significant opportunities to enhance productivity across key sectors, including agriculture, mining, healthcare, and services. Technologies such as predictive analytics and automation can improve efficiency, reduce costs, and strengthen decision-making. However, these gains depend on Namibia's ability to effectively adopt and integrate AI into existing systems.

The discussion also positioned Namibia within a broader African context, noting that AI could significantly contribute to the continent's economic growth in the coming decades. For Namibia, this presents an opportunity to overcome traditional development constraints and compete more effectively in the global economy.

However, realising this potential requires deliberate investment in skills, infrastructure, and institutional capacity. A key takeaway was the need to build a strong AI ecosystem—supporting innovation through startups, incubators, and partnerships, while aligning education systems with future labour market demands.

At the same time, participants emphasised the importance of governance. The development and use of AI must be guided by clear regulatory frameworks to ensure ethical use, data protection, and alignment with national priorities.

KEY TAKEAWAYS FROM THE DISCUSSION INCLUDED:

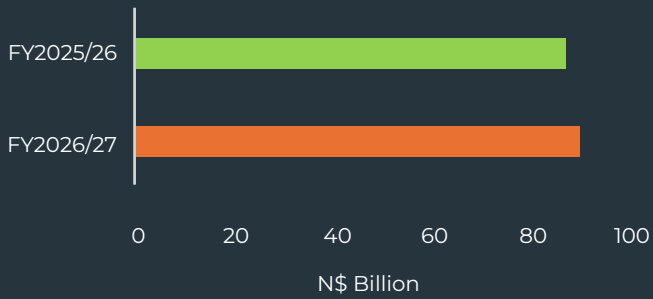
- AI presents a major opportunity for economic growth, productivity, and innovation.
- Skills development and lifelong learning are critical for an AI-driven future.
- The nature of work is shifting toward human-AI collaboration.
- Strong AI ecosystems are needed to support innovation and adoption.
- Governance frameworks are essential for ethical and secure AI use.
- Namibia has an opportunity to enhance its competitiveness through AI.

As Namibia looks ahead, stakeholders emphasised that the integration of AI into development strategy is increasingly unavoidable. The key challenge will be ensuring that its adoption is inclusive, strategic, and aligned with long-term economic and social goals.

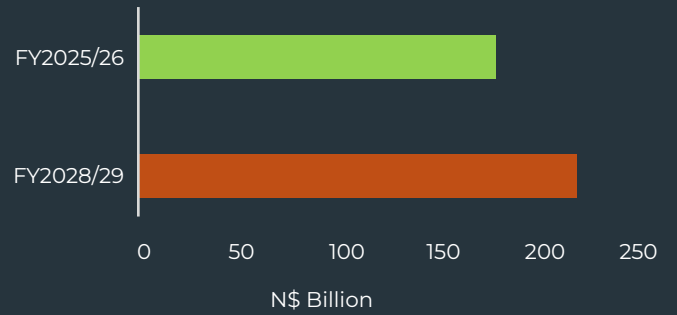


OVERVIEW OF THE NATIONAL BUDGET FY2026/27

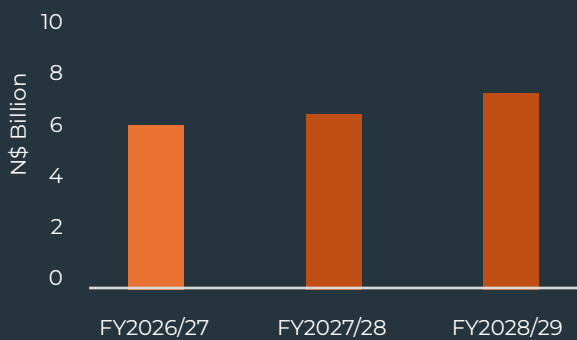
Revenue Outlook



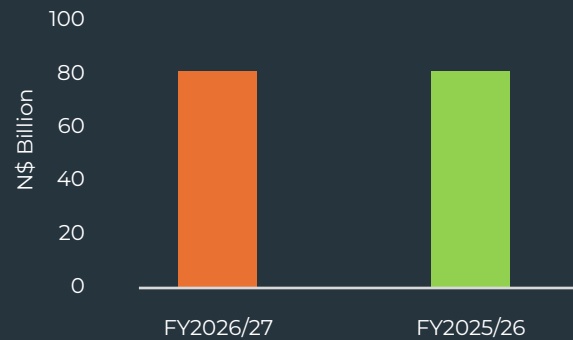
Total Government Debt Projections



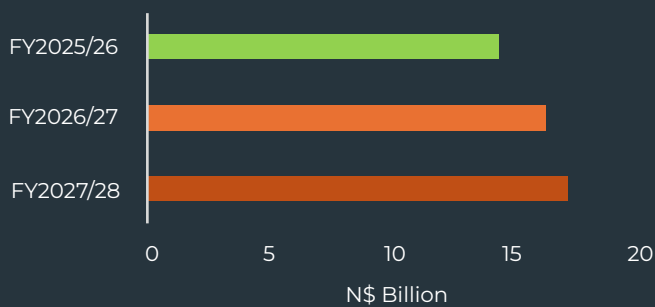
Development Budget Projections



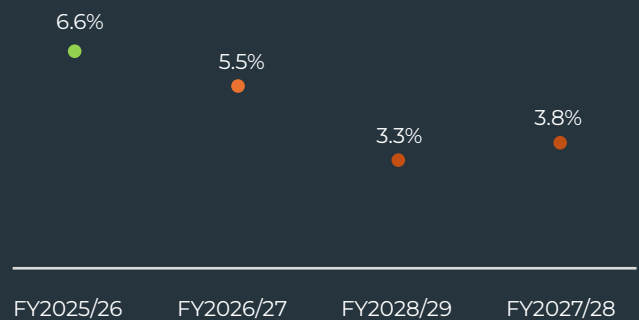
Operational Budget Estimate



Interest Payment Projection



Budget Deficit Projections % of GDP



NATIONAL BUDGET

KEY RECOMMENDATIONS BY THE EAN INCLUDED IN THE BUDGET SPEECH

The FY2026/27 National Budget reflects a notable degree of alignment with several policy recommendations previously advanced by the Economic Association of Namibia, particularly in the areas of fiscal consolidation, public sector efficiency, investment facilitation, and structural reform. While not all recommendations were adopted in full, the budget speech demonstrates a clear policy convergence around improving fiscal sustainability, enhancing productivity, and strengthening institutional effectiveness.

Most notably, the budget reinforces EAN's long-standing call for a more disciplined fiscal framework. The commitment to restoring a positive primary balance, narrowing the budget deficit over the MTEF, and stabilising public debt suggests a shift toward greater macroeconomic prudence. This signals recognition of the risks associated with sustained fiscal imbalances, although the pace and credibility of consolidation will ultimately depend on implementation.

There is also evidence of alignment with EAN's emphasis on improving the efficiency and effectiveness of public expenditure. Rather than expanding spending, the policy direction places greater weight on expenditure quality through reforms aimed at strengthening oversight, reducing inefficiencies, and improving accountability. The introduction of Outcome-Based Budgeting (OBB) and the focus on rationalising personnel structures point toward a gradual transition to a more performance-oriented public sector, although these reforms remain at an early stage.

Similarly, the budget reflects EAN's concerns around weak public investment execution. Measures to strengthen project selection and enforce minimum readiness criteria before inclusion in the development budget suggest a shift toward more disciplined capital planning. If effectively implemented, these reforms could address persistent underspending and delays that have historically limited the growth impact of public investment.

Progress is also evident in the advancement of structural and institutional reforms identified by the EAN as critical to improving the investment climate. Ongoing work on key legislative instruments, including public financial management, procurement, and tax administration, indicates a broad policy intent to modernise the regulatory framework. However, the continued review and consultation processes highlight that policy certainty, a key concern raised by the EAN, remains a work in progress.

Tax policy proposals further reflect an attempt to balance revenue mobilisation with economic support, in line with EAN recommendations. Adjustments aimed at reducing fiscal drag, improving compliance, and modernising tax administration suggest incremental progress, although the overall impact on investment and growth will depend on the consistency and clarity of implementation.

The budget also signals a shift toward alternative financing mechanisms, including a greater role for State-Owned Enterprises, public-private partnerships, and blended finance. This aligns with EAN's position that fiscal constraints necessitate new approaches to funding infrastructure and development. However, this approach introduces additional risks related to governance, contingent liabilities, and execution capacity, which will need to be carefully managed.

Additionally, in line with the EAN's recommendations, a special Inter-Ministerial Technical Committee has been established to review the Public Procurement Act and related regulations. Furthermore, reforms aimed at improving procurement systems, including the rollout of the e-Government Procurement (e-GP) platform and enforcement of the Code of Good Practice on Preferences, align with EAN's emphasis on transparency, competitiveness, and support for local industries and SMEs.

Overall, the FY2026/27 budget demonstrates a growing alignment with EAN's policy recommendations, particularly in recognising the need for fiscal discipline, improved spending efficiency, and structural reform. However, the extent to which these commitments translate into tangible economic outcomes will depend less on policy direction and more on the credibility, sequencing, and consistency of implementation.



STATE OF THE NATION ADDRESS (SONA) IN FIGURES



Jobs
Projected:

24,195



Tertiary Education Funding
Model Allocation:

663 Million



TVET
Enrolment:

13,512

Trainees



Primary Classrooms
Constructed:

237



Youths Trained in Business
Management:

1,034



Mining Sector
Jobs Created:

580



NHE Low-Cost Housing
Program:

112

Delivered Housing Units



Foreign Exchange
Reserves:

51.9 Billion



Locally Produced
Films:

36



Energy Sector
Projects:

8 Billion



Youth Development Fund
Projects Approved:

211



Mining Sector
Exports:

64.7 Billion



Equipment Aid Scheme
Program:

82

MSMEs Supported



Increased Electricity
Capacity Projection:

759 – 903 MW

AI LECTURE AND PRE-BUDGET DISCUSSION PHOTO GALLERY





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association
of namibia



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